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10 May 1962

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CENTRAL INTELLIGENCE BULLETIN



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State Dept., JCS reviews completed

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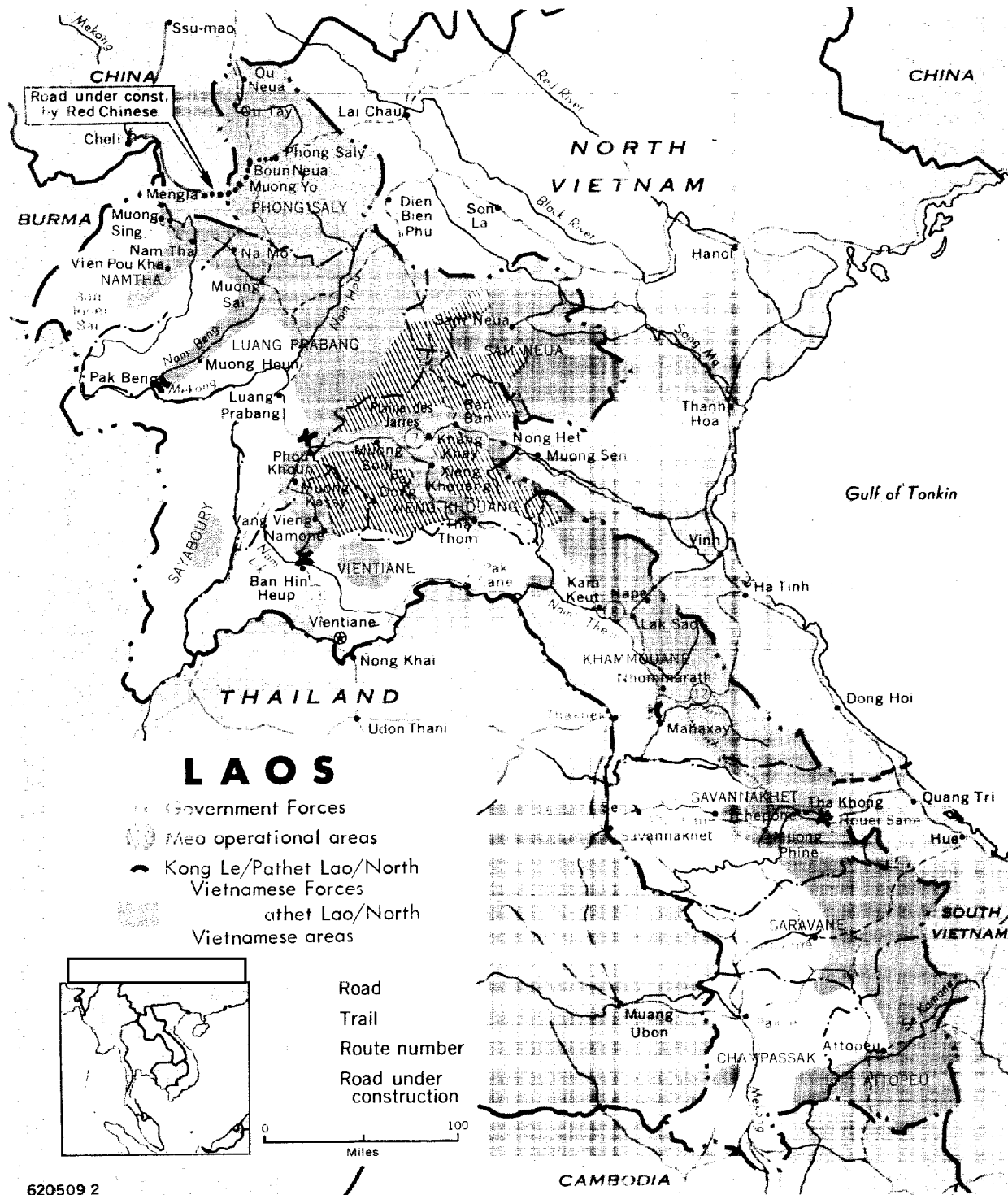
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DAILY BRIEF

Laos: The initially orderly withdrawal of government troops from Nam Tha toward Ban Houei Sai, the government's alternate command post near the Thai border, apparently has turned into a rout. Chief MAAG, General Tucker, who visited Ban Houei Sai on 9 May, reports that Lao army commander General Bounleut hopes that the former Nam Tha garrison troops can be regrouped for a stand a few miles outside that border town. On the basis of his findings, however, General Tucker estimates that the combat effectiveness of the retreating government troops is nil. They are approximately 30 miles, or two days' march, from Ban Houei Sai.

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On the basis of findings by its Watch Committee, the United States Intelligence Board on 9 May reached the following conclusion concerning Laos:

The seizure of Nam Tha has compromised the RLG position in all northern Laos, including the defense of Luang Prabang. Enemy pressure continues on RLG troops withdrawing from Nam Tha. Enemy actions against other RLG-held areas are probable. Lao government positions in southern Laos remain vulnerable, and the enemy retains the capability to move against any of the population centers with little warning.

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USSR: [The recent abrupt downgrading of party secretary and Leningrad party leader Ivan Spiridonov and the reappointment of Andrey Kirilenko to the party presidium suggest that further important personnel changes are still under way.]

[The ouster of Spiridonov is probably connected with a change in the political fortunes of party secretary Kozlov--long considered a top contender to succeed Khrushchev. Khrushchev--and not Kozlov--went to Leningrad, Kozlov's stronghold, to speak at the meeting which effected Spiridonov's removal as regional party boss. Khrushchev's personal intervention will be widely interpreted in the party as publicly associating him with a move detrimental to Kozlov's position.]

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DAILY BRIEF

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Communist China - Japan: According to a reliable source of the US Embassy in Moscow, a Japanese representative is to meet with the Chinese ambassador in Moscow on 10 May to discuss "joint exploitation" of the rich iron ore deposits on Hainan Island, developed originally by the Japanese during the occupation of China.

In return for Japanese assistance, Peiping may be willing to supply large quantities of iron ore to Japan. The two countries have been discussing the possibility of increasing exports of Hainan ore since late last year as a means of paying for rising Chinese purchases in Japan. Prior to the break in Sino-Japanese trade relations in 1958, the Hainan deposits were a primary factor in the Japanese steel industry's interest in expanding trade with China.

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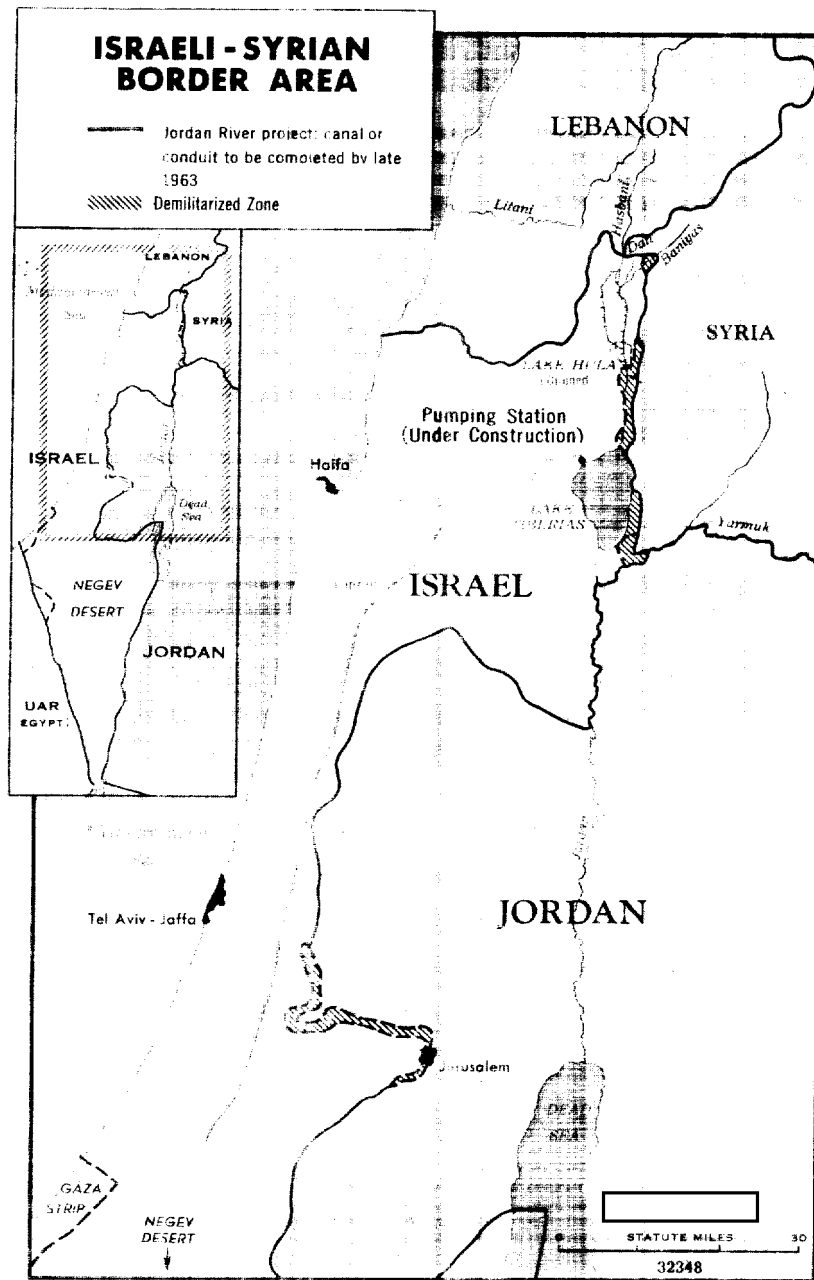
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Israel-Syria: The Israelis are continuing their armed patrols on Lake Tiberias near Syrian territory even though fishing by Syrians on the lake has virtually ceased. The patrols, which are intended to enforce Israel's disputed claim to sovereignty over the entire lake, violate the 1949 armistice agreement, which prohibits Israel from operating armed boats in the eastern part of the lake. General Von Horn, chief of staff of the UN Truce Supervision Organization, regards the patrolling as "aggressive and provocative."

Syrian Army Chief of Staff Kamal said on 4 May that Syria would allow 15 more days before opening fire on the boats. Since it seems unlikely that Israel will be intimidated, there is a possibility of renewed clashes which could again lead to Israeli reprisal action. [REDACTED]

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Britain-Rhodesia: [REDACTED] Home Secretary R. A. Butler, second in cabinet rank to Macmillan, is to arrive in the Federation of Rhodesia and Nyasaland on 11 May for a two-week survey. His visit marks a new stage in Britain's efforts to achieve an orderly transition to independence for the area. In the face of overwhelming African opposition to a continuation of the federation--viewed by the Africans as a device to perpetuate domination by the white minority--London is seeking a scheme which would permit some form of association among the territories for their economic well-being and to ease racial tensions.

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[REDACTED] Butler told the House of Commons on 8 May that any such association must be based on the good will of its peoples. Although Britain's initiative will be well received by many whites and Africans, federal prime minister Welensky heads powerful forces opposed to a weakening of the Federation. [REDACTED]

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[REDACTED]
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WATCH COMMITTEE CONCLUSIONS

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On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:

No Sino-Soviet bloc country intends deliberately to initiate direct military action in the immediate future.

Laos: Carried on Page i of Daily Brief

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NATIONAL INTELLIGENCE ESTIMATES

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The United States Intelligence Board, on 9 May 1962, approved the following national intelligence estimates:

NIE 12.4-62 : "The Outlook in East Germany,"
9 May 1962

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SNIE 58-3-62: "Implications of the Fall of Nam
Tha," 9 May 1962

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Advance conclusions are normally distributed within 24 hours of approval, and the printed text within five days.

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DAILY BRIEF

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Britain Seeks Rhodesian Solution

In March Butler was given responsibility for all affairs in the Federation. Previously the Commonwealth Relations Office had been responsible for the federal government and Southern Rhodesia, and the Colonial Office for Northern Rhodesia and Nyasaland. This arrangement invited dissension and delays. Butler's reputation as a "modern Tory" reformer should help him in his initial dealings with the Africans, and Welensky has reacted favorably to his appointment.

Pending formulation of any proposals, Britain has a delicate balance to maintain in the Federation. Nyasaland's dominant African nationalist, Hastings Banda, demands separate independence, but has relaxed his pressures recently in response to British assurances that his views will be heeded. Northern Rhodesia faces the possibility of its first African-controlled government as a result of elections this fall under an intricate constitution designed to favor moderates of both races. Whatever government emerges will probably favor ending the present federal structure.

Southern Rhodesia, where the white community, with seven percent of the population, is dominant, has had self-government since 1923. Africans will gain a greater, though still minor, political role there under a new constitution that will bring territorial elections in October. Southern Rhodesian Prime Minister Whitehead has taken the initiative in sounding out Banda with a view toward arranging some future association. Britain's efforts are further aided by the fact that the influence of Welensky, the arch-defender of the Federation, has been weakening.

Nevertheless, the US Consulate General in Salisbury notes that Welensky retains strong backing from the white community and controls the principal security forces. Moreover, the consulate general warns that Welensky is capable of a rash act such as declaring the Federation independent. Although he could not make such a declaration stick for long, any such move would probably destroy the efforts of Britain and the moderates in the Federation to bring the races closer together and preserve some of the federal relationship.

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